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SUBJECT: CORRECTED CABLE: DELEGATION GUIDANCE FOR THE  
EIGHTH IRFFI DONORS COMMITTEE MEETING (17-18 FEBRUARY,  
NAPLES)

REF: A. 2009STATE12794

[B](#). 2008STATE71896

[C](#). 2008BAGHDAD1615

[D](#). 2008BAGJDAD2162

[1](#). (U) This cable corrects references, background and certain guidance points appearing in reftel State 12794.

[2](#). (U) This is an action cable for the U.S. delegation to the eighth formal meeting of the Donors Committee that oversees the International Reconstruction Fund Facility for Iraq (IRFFI) to be held in Naples, Italy on February 18 with pre-meetings on February 17. Paragraph 10 contains specific points of guidance.

[3](#). (SBU) The delegation is comprised of Ambassador Marc Wall (Head of Delegation, Coordinator for Economic Transition in Iraq, Embassy Baghdad), Mark Erickson (Economic Officer, Embassy Baghdad), Kevin Taecker (Senior Advisor, NEA/I-Econ), Jeanne Pryor (Deputy Office Director, USAID-ME/IR), Samantha Vinograd (Iraq Desk Officer, Treasury), Christopher Curran (Econ Officer, Embassy Rome), and Robert Carlson (Econ Officer, Consulate Naples).

[4](#). (U) The main purpose of this meeting is to plan for the close out of the IRFFI by December 31, 2010. The meeting marks a milestone for Committee members in that they are becoming as much "partners in" as "donors to" Iraq's future sustainable economic development.

[5](#). (U) Established in February 2004, the IRFFI has accomplished its mission of involving a large number of donors in Iraq's economic reconstruction by providing donors with an effective multilateral mechanism for identifying needed projects and administering their contributions. About 85 percent, or about USD 1.55 billion of the total USD 1.85 billion, in IRFFI financial resources have been committed to projects that are in various stages of completion. In combination with the bilateral assistance programs of the United States and other major donors (e.g., Japan, the UK and Korea), the IRFFI projects help to rebuild Iraqi infrastructure, support the establishment of a means-tested social safety net, establish good governance, strengthen anti-corruption measures and provide assistance to internally displaced persons and returning refugees. Looking to the future, once IRFFI closes out, donors will administer their assistance bilaterally or give directly to purpose-specific international agencies or non-governmental organizations. The International Compact with Iraq (ICI - launched in May 2007) has taken over much of IRFFI's earlier role of coordinating the assistance activities of Iraq's international partners. In October 2007, the IRFFI Donors Committee decided that the remaining uncommitted IRFFI resources should be expended in support of Iraq achieving its goals under the ICI and National Development Strategy. Under

this arrangement, Iraq will continue to live up to its ICI commitments for achieving sustainable economic development while receiving donor/partner support.

¶16. (U) The IRFFI is comprised of two Iraq Trust Funds (ITFs) operated by the World Bank (WB) and United Nations Development Group (UNDG). At this meeting, the WB and UNDG will present their respective Eighth Progress Reports, which will give detailed information on completed and ongoing projects and programs, including amounts committed, contracted and disbursed. The reports will quantify any remaining unobligated resources and provide recommendations for how these resources should be allocated (e.g., to provide cushions to meet possible unexpected close-out expenses). Oversight activities, including audits, inspections and other measures to ensure transparency and accountability of the ITFs will also be discussed. The WB will present its "Third Interim Strategy Note," which will lay out its broader plans for future engagement and programs in Iraq. In August, 2008, Iraq and the UN Assistance Mission for Iraq (UNAMI) adopted a joint strategy covering their economic cooperation through ¶2012.

¶17. (U) A "Multi-Donor Stocktaking Review" evaluating how the ITFs have performed against the goals and objectives stated in IRFFI's Terms of Reference will be presented by the Norwegian consultancy, Scanteam. By and large, the Scanteam

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¶18. (U) The WB and UNDG have provided a joint "Concept Note" giving timelines and mechanisms for closing the IRFFI. The separate ITF operators must abide by their own sets of rules and regulations governing close-out related activities. Both concur, however, that the IRFFI should stop collecting new contributions before July 1, 2009, should complete all final project approvals before the end of 2009, and finalize all contract commitments by the end of 2010. The WB and UNDG have somewhat different procedures for terminating their ITFs, but both agree that such final steps should be taken before the end of 2013.

¶19. (U) Denmark (Ambassador Mikael Winther) has agreed to take over as Chairman of the Donors Committee for the remaining lifetime of the IRFFI. Italy (Ambassador Gianludovico De Martino) will be stepping down, having served as Chairman of the DC for two years since February 2007. The Chairman of the IRFFI Executive Committee is the Minister of Planning and Development Cooperation, Dr. Ali Baban. For a period after 2007, Baban served as Co-Chairman of the IRFFI with the Italian Ambassador.

¶10. (SBU) Delegation Guidance:

-- Compliments to the Host and the Minister for their guidance and contributions in support of IRFFI's successes. Thanks for this opportunity to plan the closing chapter.

-- Recall that at the last Donors Committee meeting in Baghdad Deputy Prime Minister Saleh said: "More than your donations what we seek is your partnership in helping Iraq develop its capacity to use its resources in an efficient manner." This meeting will help to chart the course for Iraq's "donors" to become "partners" in Iraq's future development.

-- This Eighth Donors Committee Meeting respects that Iraq has fully regained its sovereignty; it is therefore appropriate to focus on the orderly closure of the IRFFI.

-- Express appreciation for Scanteam findings that the IRFFI has accomplished "significant achievements" that have made "a real and meaningful impact" toward normalizing conditions in Iraq in such areas as education, healthcare and infrastructure.

-- Acknowledge the difficulties and added costs associated

with the security situation, but highlight that the security situation has greatly improved and continues to do so.

-- Note Iraq's recent success in conducting provincial elections, signifying true progress in both political reconciliation and general stability.

-- Emphasize that donors can take pride and satisfaction in how their contributions have been applied. The IRFFI provides an excellent model and "lessons learned" for future international cooperation in post-conflict environments.

-- Urge the UNDG and WB to apply the highest standards in spending the remaining IRFFI funds. Ensure that such expenditures support the goals of the ICI. Encourage active discussion involving all DC members to arrive at broad consensus for how the remaining IRFFI resources should be spent.

-- Welcome the new UNAMI-Iraq Strategy for Economic Cooperation and the WB's new "Third Interim Strategy Note"

-- Explain that plans for future U.S. assistance to Iraq will be developed with respect to the new Strategic Framework Agreement, which provides Joint Coordinating Committees and Working Groups in a number of areas.

-- Emphasize that the SFA is designed to work within and support the framework of the International Compact with Iraq, and the programs and goals of the World Bank and UNAMI.

-- Encourage Iraq to streamline and update the Joint Monitoring Matrices of the ICI to take account of recent changes and challenges in the global economy, including for the price of oil and the outlooks for the major economies.

-- Recognize the positive value of the new Iraq Partners Forum as a vehicle for information sharing and coordination among Iraq and its international partners.

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-- Support Denmark's candidacy to take over the Chairmanship of the IRFFI for its remaining years.

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11. (U) Questions and concerns in regard to the Eighth IRFFI DC Meeting should be directed to Kevin Taecker, Senior Advisor, NEA/I-Econ, TaeckerKR2(at)State.Gov, 1-202-647-6314.  
CLINTON